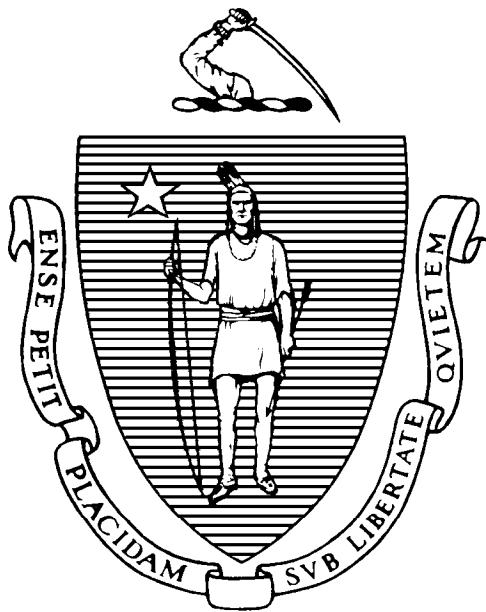


Massachusetts Department of Environmental Protection

GRANT AND LOAN PROGRAMS

Opportunities for Watershed Protection Planning and Implementation



2003



MASSACHUSETTS DEPARTMENT OF ENVIRONMENTAL PROTECTION
Bureau of Resource Protection
Cynthia Giles, Assistant Commissioner

GRANT AND LOAN PROGRAMS

Opportunities for Watershed Protection Planning and Implementation

2003

**Massachusetts Department of Environmental Protection
Lauren A. Liss, Commissioner**

**Bureau of Resource Protection
Cynthia Giles, Assistant Commissioner**

Division of Municipal Services

**Division of Watershed Management
Glenn Haas, Director**

**Northeast Regional Office
William Gaughan, Regional Director**

**Central Regional Office
Martin Suuberg, Regional Director**

**Southeast Regional Office
Paul Taurasi, Regional Director**

**Western Regional Office
Michael Gorski, Regional Director**

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
GRANT PROGRAMS.....	1
1. 604b Water Quality Management Planning Grant Program	1
2. 104(b)(3) Wetlands and Water Quality Grant Program	3
3. 319 Nonpoint Source Grant Program.....	4
4. Research and Demonstration Grant Program.....	5
5. Source Water Protection Technical Assistance/Land Management Grant Program	6
6. Wellhead Protection Grant Program.....	7
LOAN PROGRAMS.....	8
1. Clean Water State Revolving Loan Fund (SRF) Program.....	8
2. Community Septic Management Program.....	10
3. Drinking Water State Revolving Loan Fund (DWSRF) Program.....	11

GRANT AND LOAN PROGRAMS



Opportunities for Watershed Planning and Implementation

**Massachusetts Department of Environmental Protection
Bureau of Resource Protection
Cynthia Giles, Assistant Commissioner**

The Department of Environmental Protection's (the Department) grant and loan programs consist of federal funds from EPA as authorized by the Clean Water Act (Sections 604(b), 104(b)(3) and 319, and the Drinking Water State Revolving Fund (DWSRF) Setasides). Other programs are derived through state appropriation. These include the state bond fund for research and demonstration and state loan programs for municipalities (state revolving loan fund (SRF)) and homeowners (community septic management program). Each of these programs provide an opportunity for watershed initiative planning and/or implementation. Please note the eligibility criteria, time frame for application and Department contacts for further information. Updates, schedules, and program information are available at the DEP Web site, www.state.ma.us/dep.

GRANT PROGRAMS

1. 604(b) WATER QUALITY MANAGEMENT PLANNING GRANT PROGRAM

This grant program is authorized under the federal Clean Water Act Section 604(b) for water quality assessment and management planning.

Eligibility

Regional public comprehensive planning organizations or interstate organizations such as: regional planning agencies, councils of governments, conservation districts, counties, cities and towns, and other substate public planning agencies and interstate agencies. Such organizations must be chartered with suitable powers as a unit of local government, an independent substate agency, or an interstate organization under an interstate agreement of which Massachusetts is a party.

Application Process

Request for Responses (RFR) are typically issued by DEP each October for competitive projects with proposals due approximately six weeks later. The RFR contains a schedule for each step of the application process.

Respondents must first qualify as an eligible entity as defined above. In addition, proposals must be submitted in the required format as outlined in the RFR and contain all applicable supporting information, including the appropriate documentation required by the Department's Civil Rights Office.

The proposals are evaluated and selected by the Department and funding is announced within two months following the proposal submission deadline. Generally, projects are expected to begin approximately eight months after the date of their selection by the Department.

Funding Priorities

Generally, the following types of assessment/planning activities receive priority consideration for funding.

- ★ **Assessment of the Effectiveness of Stormwater Best Management Practices** - Assessment of costs (including operation and maintenance), treatment effectiveness, and water quality improvements from existing stormwater management systems.
- ★ **Assessment of Local Water Quality Protection Measures** - Analyses of the range and effectiveness of local control measures such as bylaws, regulations, and enforcement provisions within a river basin or drainage area.
- ★ **Assessment of Landuse Activities** - Identification and mapping of current landuse activities within a river basin or drainage area, including known and potential sources of point and nonpoint pollution and permitted water withdrawals.
- ★ **Assessment of Local and Regional Environmental Awareness, Activities, and Concerns** - Identification and assessment of the local and regional needs, and current status of education and technical assistance relative to managing nonpoint source pollution within a river basin or drainage area. Plan and coordinate resource protection efforts of various groups.
- ★ **Water Quality Assessment** - Identification and characterization of a specific nonpoint source pollution problem site or resource of particular concern via water quality sampling. Results used to develop recommendations for BMP implementation projects and management strategies consistent with the Department's policies and programs.
- ★ **Water Supply/Water Quality Source Protection Planning** - Development of water supply planning and protection strategies for communities with public water supplies within a sub-basin.
- ★ **Water Supply Development Planning** - Assessment of future water supply needs within a basin or sub-basin.
- ★ **Wetlands Assessment and Restoration Planning** - Identification and planning for potential wetlands restoration projects.

This grant program provides eligible recipients with water quality assessment and planning assistance. The Department has prioritized these grants for watershed or subwatershed based nonpoint source assessment type projects that will provide diagnostic information to support the Department's basin-wide water quality management activities.

The Department has scheduled several basins and/or coastal drainage areas throughout the Commonwealth for water quality assessment work each year. The RFR contains a list of basins in year one of the five-year basin schedule. Special consideration for funding is given to 604(b) projects proposed in these river basins and drainage areas, however, respondents are not discouraged from proposing suitable water quality assessment and planning projects in other basins. Each project should contain a public outreach component. Additional consideration is given to projects that contain innovative approaches to the problems identified and which result in technology and information transfer. Proposals that are comprehensive and combine elements of water supply protection and planning and water quality assessment are encouraged.

Minimum Evaluation Criteria

Consideration is given to:

- well thought out projects which support EOEA basin-wide water quality management activities;
- extent to which the project, scope of services and targeted watersheds would further the Department's water quality management priorities or other suitable water quality management goals;
- extent to which the performance-based objectives are well defined, feasible, practical, cost-effective, and have measurable results; and
- likelihood of success of the project, including usefulness of assessment or planning actions, and proposed implementation strategies.

Matching funds are not required, but proposals may be enhanced by offering additional cash or in-kind cost-sharing as demonstration of local support.

Contact: Gary Gonyea, Department of Environmental Protection, One Winter Street, 5th Floor, Boston, MA 02108 to obtain additional program information, a copy of indicative summaries of past 604(b) projects, or a copy of the 604(b) RFR. Telephone: (617) 556-1152.

2. 104(b)(3) WETLANDS AND WATER QUALITY GRANT PROGRAM

This grant program is authorized under Wetlands and Clean Water Act Section 104(b)(3) of the federal Clean Water Act. The water quality proposals received by DEP, under the National Environmental Performance Partnership Agreement (NEPPA) with the U.S. Environmental Protection Agency, are results-oriented approaches that will focus attention on environmental protection goals and the efforts to achieve them. The goals of the NEPPA are to: 1) achieve clean air, 2) achieve clean water, 3) protect wetlands, 4) reduce waste generation, and 5) clean up waste sites.

Eligibility

All EOEA agencies (DEP, DEM, MCZM, DFWELE, DFA, and MDC) or other organizations with a state co-sponsor are eligible. Only water quality or wetland proposals which meet the NEPPA results-oriented goals and priorities will be considered.

Non-profit organizations such as watershed associations, regional planning agencies, and universities are eligible to submit proposals but only through an EOEA sponsoring agency. These groups can be prime or sub-contractors on grants awarded to state agencies as long as the state agency recipient actively participates and has a significant role in the project. While proposals submitted by other organizations may be eligible for funding, they must clearly identify both the state agency co-sponsor and the principal contact who will bear primary responsibility for project completion. The Department reserves the option to contract directly with either the sponsoring state agency or other eligible organizations.

DEP Grant and Loan Programs

Application Process

A Request for Response (RFR) is typically issued by DEP each January for competitive projects with proposals due approximately 8 weeks later.

Respondents must first qualify as an eligible entity as defined above. In addition, proposals must be submitted in the required format as outlined in the RFR and contain all applicable supporting information, including the appropriate documentation required by the Department's Civil Rights Office.

The proposals are evaluated and selected by the Department and funding is announced within two months following the proposal submission deadline. Generally, projects are expected to begin within eight months after the date of their selection by the Department.

NEPPA Goals and Funding Priorities

DEP's water quality and wetland protection goals, as outlined in the Performance Partnership Agreement:

- ensure that every public water supply consistently provides water that is safe to drink;
- reduce, eliminate, and/or control both point and non-point discharges to surface and ground water;
- reduce and reverse acidification of water bodies in Massachusetts and other jurisdictions affected by Massachusetts and transported SO_x and NO_x emissions;
- no-net-loss of wetland resources;
- minimize indirect degradation of wetland functions from stormwater runoff;
- minimize unpermitted filling and/or alteration of wetlands;
- discourage projects in or directly adjacent to wetlands; and
- other needs as determined by the Department.

Grant Requirements

Applicants should note the following restrictions/limitations on federal grant funding.

- Grant funds cannot be used to fund permanent state positions.
- Grant recipients will be required to meet the federal MBE/WBE requirements of 11% and 5%, respectively.
- Proposals submitted for Clean Water Act Section 104(b)(3) - Wetlands must identify a 25 % non-federal match (25% of total project cost). State funded in-kind services can be provided as the non-federal match.

Contact: Gary Gonyea, Department of Environmental Protection, One Winter Street, 5th Floor, Boston, MA 02108 to obtain additional program information, a copy of indicative summaries of past 104(b)(3) projects, or a copy of the 104(b)(3) RFR. Telephone: (617) 556-1152.

3. 319 NONPOINT SOURCE GRANT PROGRAM

This grant program is authorized under Section 319 of the CWA for implementation projects that address the prevention, control, and abatement of nonpoint source (NPS) pollution. In order to be considered eligible for funding projects must: implement measures that address the prevention, control, and abatement of NPS pollution; target the major source(s) of nonpoint source pollution within a watershed/subwatershed; have a 40 percent non-federal match of the total project cost (match funds must meet the same eligibility criteria as the federal funds); contain an appropriate method for evaluating the project results; address activities that are identified in the Massachusetts NPS Management Program Plan.

Eligibility

Proposals may be submitted by any interested Massachusetts public or private organization. To be eligible to receive funding a 40% non-federal match is required from the grantee. This match may be cash or from in-kind services performed as part of the approved project activities.

Application Process

Request for Responses (RFR) are typically issued by DEP each February for competitive projects with proposals due approximately eight weeks later.

Respondents must first qualify as an eligible entity as defined above. In addition, proposals must be submitted in the required format as outlined in the RFR and contain all applicable supporting information, including the appropriate documentation required by the Department's Civil Rights Office.

The proposals are evaluated and selected by the Department and funding is announced within two months following the proposal submission deadline. Generally projects are expected to begin approximately eight months after the date of their selection by the Department.

Funding Priorities

Projects selected by the Department for funding are included in the Department's yearly program plan which is submitted to EPA prior to the start of the federal fiscal year.

Types of eligible 319 projects include: subwatershed, demonstration, watershed resource restoration, groundwater, and in-lake projects. NPS program development, assessment, and planning are not considered implementation activities and are not eligible for 319 funding. Except in the case of groundwater projects, NPS research and water quality and/or biological monitoring for assessment purposes alone are not considered implementation activities and are not eligible for 319 funding.

Contact: Jane Peirce, Department of Environmental Protection, 627 Main Street, Worcester, MA 01608 to obtain additional program information, a copy of indicative summaries of past 319 projects, or a copy of the 319 RFR. Telephone: (508) 767-2792.

4. RESEARCH AND DEMONSTRATION GRANT PROGRAM

The Research and Demonstration Program (R&D) is authorized by Section 38 of Chapter 21 of the Massachusetts General Laws and is funded by proceeds from the sale of Massachusetts bonds. Specifically, the R&D Program was established to enable the Department to conduct a program of study and research and demonstration relating to water pollution control and other scientific and engineering studies ...so as to insure cleaner waters in the coastal waters, rivers, streams, lakes and ponds of the Commonwealth.

Eligibility

Unsolicited proposals may be submitted at any time to the Department, by any interested Massachusetts public or private organization.

DEP Grant and Loan Programs

Application Process

Unsolicited proposals are accepted anytime. There are no forms to submit.

Funding Priorities

Funding priorities are determined annually and vary periodically with departmental needs. Once a proposal has been initially approved, funding for the work is then sought. Over the years projects and studies conducted under the R&D Program have addressed a wide range of the Department's administrative and regulatory needs, including: groundwater and surface water pollution, water supply protection, toxicity assessment, water conservation, residual and solid waste control, public health concerns, development and assessment of innovative and alternative wastewater treatment technologies, hydrologic data collection, lake restoration, acid rain impact investigations, and policy development. One of the continuing goals of the program is to fund a variety of projects in a wide range of research areas.

Contact: Arthur Screpetis, Department of Environmental Protection, 627 Main Street, Second Floor, Worcester, MA 01608 if you would like to obtain further information. Telephone: (508) 767-2875.

5. SOURCE WATER PROTECTION TECHNICAL ASSISTANCE/LAND MANAGEMENT GRANT PROGRAM

The Source Water Protection (SWAP) Technical Assistance/Land Management Grant Program provides funds to public water suppliers and *third party* technical assistance organizations that assist public water suppliers in protecting local and regional ground and surface drinking water supplies.

Eligibility

- 1) Eligible applicants are public water suppliers and third party organizations that have experience providing technical assistance related to drinking water protection.
- 2) Proposed work must benefit active drinking water sources.
- 3) The third party must submit letter(s) of support from the public water supplier(s) with the application.

Eligible Projects

The grant program supports projects that provide:

- assistance to prioritize lands for protection and control;
- address management of existing protected lands;
- address public access, wildlife, and stormwater issues;
- develop local bylaws/regulations to protect a water supply;
- establish network of volunteers to work with water suppliers;
- provide detailed local data to support the SWAP program;
- educate public officials, businesses, and residents on local drinking water issues;
- coordinate/improve emergency response;
- develop a local surface water supply protection plan according to DEP criteria; and
- other projects deemed eligible by DEP.

Selection Criteria

- Importance of the source - e.g., how many people served.
- Benefit to the source - project significantly enhances source protection at a susceptible source.
- Priority-project addresses DEP source protection priorities.
- Sustainability - project addresses long-term protection goals.
- Feasibility - proposal describes the applicant's ability to successfully undertake the project, and demonstrates applicant's knowledge of land protection/control strategies within drinking water protection areas and experience working with public water suppliers or similar groups on drinking water protection issues.
- Implementation - proposal clearly describes how the project will be carried out.
- Existing efforts - project supports ongoing or planned protection efforts.
- Budget - project costs are effective, reasonable, and clearly justified.
- Transferability - the project can be used as a model in similar situations elsewhere.
- Projects that benefit surface sources or systems with both surface water and groundwater sources.
- Projects which address immediate threat in a Zone A or Zone I.
- Projects which benefit public water supplies with a current, DEP-approved, local surface water supply protection plan.

Application Process

Each program year, the DEP posts a Request for Response (RFR) and related information on the Commonwealth of Massachusetts Procurement Assessment Solicitation System Web site: www.comm-pass.com. Information is also available on DEP's Web site: www.state.ma.us/dep/brp/dws/dwspubs.htm. Competitive applications must respond to the RFR's project goals, eligibility requirements, and evaluation criteria.

Contact: For additional information contact the following DEP staff: Kathleen Romero (617) 292-5727, Malcolm Harper (508) 767-2745, or, on the regional level, Northeast: Chester Masel (978) 661-7760, Central: Paula Caron (508) 767-2719, Western: Douglas Paine (413) 755-2281.

6. WELLHEAD PROTECTION GRANT PROGRAM

The Wellhead Protection Grant Program provides funds to assist public water suppliers in addressing wellhead protection through local projects and education.

Eligibility

Eligible applicants include all community public water systems, as well as non-transient non-community systems that *serve schools*, direct recipient of the grant *must* be a public water system or municipality, and grant must target active public water supply source. For public water source with DEP-approved Zone II, funding is limited to projects in the Zone I & II, for public water source without a Zone II, funding is limited to projects in the Zone I and IWPA, and education and inspection programs may be implemented on a town-wide basis.

Eligible Projects

In the Zone I: Removal or upgrade of potential sources of contamination (e.g., underground storage tanks (UST), septic systems, salt storage, and best management practices (BMPs) for stormwater), wellhead protection signs, and fencing pump house.

DEP Grant and Loan Programs

In the Zone II/ Interim Wellhead Protection Area (IWPA): Land must be owned or controlled by water supplier or the municipality.

- Containment and improvement projects: (e.g., secondary containment of liquid hazardous materials, salt/deicing storage, municipal waste management, stormwater, drainage improvements, and hazardous materials storage).
- Local town-wide inspection programs for floor drains, underground storage tanks, and hazardous materials.
- Local wellhead protection staff person or consultant.
- Outreach and education programs for agricultural, commercial, industrial, and residential land uses.
- Develop or update of Wellhead Protection Plans, Water Supply Contingency Plans, and Emergency Response Plans.
- Provide technical assistance and outreach to small businesses, industries, and farmers.
- Create or purchase geographic information system (GIS) data layers and develop data bases.
- Monitoring of well(s) and water quality testing (clearly linked to local protection plans).
- Other projects deemed eligible by DEP.

Selection Criteria

- Benefit to the source - project significantly enhances source protection at a susceptible source.
- Sustainability - project addresses long-term protection goals.
- Feasibility - proposal describes the applicant's ability to successfully undertake or delegate the project.
- Implementation - proposal clearly describes how the project will be conducted.
- Existing efforts - project supports ongoing or planned protection efforts.
- Budget - costs are effective and clearly justified.
- Projects which address immediate significant threats in the Zone I.
- Sources that provide (to a population) a significant portion of a system's water supply.
- Systems which have demonstrated a previous commitment to wellhead protection.

Application Process

Each program year, the DEP posts a Request for Response (RFR) and related information on the Commonwealth of Massachusetts Procurement Assessment Solicitation System Web site: www.comm-pass.com. Information is also available on DEP's Web site: www.state.ma.us/dep/brp/dws/dwspubs.htm. Applications must respond to the RFR's project goals, eligibility requirements, and evaluation criteria.

Contact: For additional information contact the following DEP staff: Catherine Sarafinas (617) 556-1070, Malcolm Harper (508) 767-2745, or, on the regional level, Northeast: Chester Masel (978) 661-7760, Central: Paula Caron (508) 767-2719, Western: Douglas Paine (413) 755-2281.

LOAN PROGRAMS

1. CLEAN WATER STATE REVOLVING LOAN FUND (SRF) PROGRAM

The Massachusetts State Revolving Fund for water pollution abatement projects was established to provide a low-cost funding mechanism to assist municipalities seeking to comply with federal and state water quality requirements. The SRF Program is jointly administered by the Division of Municipal Services of the Department of Environmental Protection and the Massachusetts Water Pollution Abatement Trust. Each year the

Department solicits projects from Massachusetts municipalities and wastewater districts to be considered for subsidized loans, which are currently offered through a two percent interest loan. In recent years the program has operated at an annual capacity of \$200 to \$300 million per year, representing the financing of 50 to 70 projects annually. The SRF Program now provides increased emphasis on watershed management priorities. A major goal of the SRF Program is to provide incentives to communities to undertake projects with meaningful water quality and public health benefits and which address the needs of the communities and the watershed.

Eligibility

Financial assistance is available for planning, design, and construction of projects, including new wastewater treatment facilities and upgrades of existing facilities; infiltration/inflow correction; wastewater collection systems; control of combined sewer overflows; and nonpoint source pollution abatement projects, such as landfill capping, community programs for upgrading septic systems (Title 5), and stormwater remediation. In addition, non-structural projects are eligible for SRF funding; e.g., planning projects for nonpoint source problems which are consistent with the DEP's Nonpoint Source Management Plan and that identify pollution sources and suggest potential remediation strategies.

Project Evaluation

In order to be considered for funding, a community must complete a Project Evaluation Form at the time of the project solicitation which DEP conducts in the fall of each year. DEP will rank projects using a rating system which assigns points on the basis of various environmental, program, and implementation criteria. These criteria include the extent to which the project:

- will have demonstrable water quality benefits;
- will eliminate or mitigate a risk to public health;
- is needed to come into or maintain compliance with applicable discharge permits or other water pollution control requirements; and
- implements or is consistent with watershed management plans (or addresses a watershed priority) and is consistent with local and regional growth plans.

Project Priority List and Intended Use Plan Project Listing

After evaluating the project requests applications which were submitted in response to the annual solicitation, DEP develops the annual list of projects that are eligible for financial assistance. From this annual list, and on the basis of projects' readiness to proceed and priority ranking status, the Department assigns projects to a fundable list. The next step is when these projects meet the criteria for funding for the following year and are placed on the Intended Use Plan (IUP). Projects on the IUP are then eligible to apply for financing with the total cost of all projects on the IUP not to exceed the amount that is available that year. IUP listed projects are those which received a high rating, and (a) have made a local funding appropriation commitment, or (b) are scheduled to make a funding appropriation by June 30 of the coming year. Eligibility for funding under the SRF for the following year requires all applicants to file a completed loan application no later than October 15 of each year.

Funding Commitments

In order for a community to obtain funding for a project on the IUP, it must file an Application for Financial Assistance and obtain a Project Approval Certificate (PAC) from the Department. A complete loan application includes construction contract documents ready for bidding and evidence that the project is, or will be, in compliance with any applicable environmental reviews and permits prior to the issuance of the PAC. Once the Department certifies that the costs are eligible for SRF Program funding, the Massachusetts Water Pollution Abatement Trust (Trust) votes to issue the borrower a binding loan commitment. The Trust and the

DEP Grant and Loan Programs

borrower then execute a Loan Agreement to secure the financing for the water pollution abatement project. The Loan Agreement establishes the security of the loan, repayment schedule, interest rates, and subsidies, as well as various procedural and regulatory requirements related to the Department's oversight of the project.

Contact: To obtain additional information please contact Steven McCurdy (617) 292-5779
Department of Environmental Protection, One Winter Street, 5th Floor, Boston, MA 02108
or at the Regional Office Municipal Service Center closest to you:

Northeast Regional Contact: Thomas Mahin (978) 661-7660

Southeast Regional Contact: Richard Keith (508) 946-2784

Central Regional Contact: Paul Anderson (508) 792-7692

Western Regional Contact: Deirdre Cabral (413) 755-2148

2. COMMUNITY SEPTIC MANAGEMENT PROGRAM

The enactment of the Open Space Bond Bill in March of 1996 provided new opportunities and stimulated new initiatives to assist homeowners with failing septic systems. The law appropriated \$30 million to the DEP to assist homeowners. The Department will use the appropriation to fund loans through the Massachusetts Water Pollution Abatement Trust. The fund will provide a permanent state/local administered revolving fund to assist income-eligible homeowners in financing necessary Title 5 repairs. Working together, the DEP and the Trust have created the Community Septic Management Program to help Massachusetts' communities protect threatened ground and surface waters while making it easier to comply with Title 5. This loan program offers three options from which a local governmental unit can choose:

- ★ **Option 1A - the Community Inspection Program.** A community established a comprehensive inspection program that provides for the inspection of all septic systems over a seven-year period. Homeowners whose systems fail as a result of an inspection could receive a low interest loan to repair, upgrade or replace a failing system.
- ★ **Option 1B - the Comprehensive Local Septic Management Program.** A community develops a plan to identify, monitor and address the proper operation, maintenance and upgrade of septic systems in a systematic manner meeting the requirements of Title 5. Homeowners whose systems require repair, upgrade or replacement as a result of the community's comprehensive plan could receive a low interest loan to perform the necessary work.
- ★ **Funding under Options 1A and 1B.** Communities may receive up to \$200,000 to make loans to eligible homeowners. In addition, communities choosing either of these options are eligible for a pre-loan financial assistance payment (grant) of \$20,000 to help defray the initial costs of establishing the required programs.
- ★ **Option 2 - Local Betterment Loan Program.** A community can establish a program that targets environmentally sensitive areas within the community. Homeowners in designated areas may receive a low interest loan to repair, upgrade or replace a failing system. Under Option 2 communities are eligible to receive up to \$100,000 for a loan program to eligible homeowners.

Funding

Funding for these programs are in the form of a zero-interest loan from the Trust to the Community which must be repaid over a period of up to 20 years. To receive a loan from the Trust, Communities must execute a Loan Agreement with the Trust and issue local governmental obligations (bonds) to secure the loan.

Loans from the Trust to a community for one of the above three options are for use by eligible homeowners with an annual family income that does not exceed \$150,000 [unless otherwise approved by DEP]. Loans from the community to the homeowner may have an interest rate of either 2 or 5 percent at the option of the community. A homeowner's loan will be repaid to the community through the homeowner's real estate tax bill via a betterment assessment under MGL C. 111 s. 127B 1/2.

Eligibility

All municipalities are eligible.

Application Process

DEP will provide written notice, in the form of an *Expression of Interest* to each identified municipality of the availability of these funds, and request the municipality to state in writing whether it is interested in receiving such financial assistance.

Local Program Funding

Subject to the availability of funds and after providing a reasonable opportunity for the above municipalities to express their interest in applying for financial assistance, DEP reserves the right to offer this financial assistance to those municipalities who have already received grants under the Septic System Repair Program.

Contact: To obtain additional program information please contact the program manager for your area at one of the following Department of Environmental Protection regional offices:

Northeast Regional Office: Nihar Mohanty (978) 661-7681
Southeast Regional Office: Pam Truesdale (508) 946-2881
Central Regional Office: Joanne Kasper-Dunne (508) 767-2763
Western Regional Office: Deirdre Cabral (413) 755-2148

3. MASSACHUSETTS DRINKING WATER STATE REVOLVING FUND PROGRAM

Introduction

The Massachusetts Drinking Water State Revolving Fund (DWSRF) provides low-cost financing to help community public water suppliers comply with federal and state drinking water requirements. The DWSRF Program's goals are to protect public health and strengthen compliance with drinking water requirements, while addressing the Commonwealth's drinking water needs. The Program incorporates affordability and watershed management priorities.

The DWSRF Program is jointly administered by the Division of Municipal Services of the Department of Environmental Protection (DEP) and the Massachusetts Water Pollution Abatement Trust (Trust). This

DEP Grant and Loan Programs

month, DEP will solicit projects from Massachusetts municipalities and community water systems (with at least 15 residential connections) to be considered for subsidized loans. The current subsidy level is through a two percent interest loan. The Program will initially operate with approximately \$100 million per year in financing capacity.

Eligible Projects

Financial assistance is available for the engineering, design, and construction of drinking water projects that protect public health and strengthen compliance with federal and state drinking water regulations. For engineering and design costs, the Program will provide financial assistance in the form of allowances as a percentage of project costs. Eligible projects include:

- new and upgraded drinking water treatment facilities;
- projects to replace contaminated sources, new water treatment, or storage facilities;
- consolidation or restructuring of water systems;
- projects and system activities that provide treatment, or effective alternatives to treatment, for compliance with regulated health standards, such as the Surface Water Treatment Rule; and
- installation or replacement of transmission or distribution systems.

Examples of ineligible projects include dams, purchase of water rights, reservoirs, lab fees, fire protection projects, and other non-capital expenses.

Project Rating

The need for drinking water funding in the Commonwealth far exceeds the financing available under the DWSRF. DEP has established criteria to evaluate and prioritize proposed projects. These criteria and other program procedures are contained in regulations found at 310 Code of Massachusetts Regulations 45.00.

To be considered for funding, a public water supplier must complete a project evaluation form (PEF) during the project solicitation period this May. The application requires thorough information showing the project's significant benefits to public health or drinking water quality, local funding authorization, and a commitment that the borrower can file a timely loan application. DEP will rank the projects using a rating system which assigns points on the basis of various criteria. These criteria include the extent to which the project:

- eliminates or mitigates a public health risk;
- is necessary to achieve or maintain compliance with applicable drinking water quality requirements;
- is affordable to users in the service area;
- consolidates or restructures a public water system; and
- implements, or is consistent with, watershed management plans (or addresses a watershed priority) and is consistent with local and regional growth or infrastructure plans.

Project Priority List and Intended Use Plan Project Listing

After evaluating the project requests submitted in response to the solicitation, DEP will rank the projects, conduct a public hearing, and adopt a priority list of projects eligible to receive financial assistance. From this annual list, and on the basis of the project's readiness to proceed and priority rating, DEP assigns projects to the Intended Use Plan Project Listing (IUP). The IUP is a subset of the priority list and identifies candidates for DWSRF funding.

Projects on the IUP are eligible to apply for financing in the current year, with the total cost of all projects on the IUP not to exceed the amount of financing capacity available for that year. To qualify for placement on the DWSRF IUP, a project must have a high ranking, have received a local funding appropriation or be scheduled for funding appropriation by June 30. Also, the applicant must be able to file a complete loan application at the earliest opportunity, but no later than October 15.

Funding Commitments

To obtain funding for a project on the IUP, the borrower must file a loan application and obtain a Project Approval Certificate (PAC) from DEP. The loan application must include information about funding authorization, repayment ability, and project schedule. A complete loan application also includes construction contract documents ready for bidding and evidence of compliance with any applicable environmental reviews and permits.

Once DEP certifies that costs are eligible for funding from the DWSRF Program, the Trust votes to issue the borrower a binding loan commitment. DEP then issues a Project Regulatory Agreement (PRA). The PRA includes DEP's regulation and supervision conditions and limitations, cash drawdown schedule, and provisions from the PAC.

The Trust, DEP, and the borrower then enter into a loan agreement to secure the financing for the project. The loan agreement establishes the security of the loan, repayment schedule, interest rates, and subsidies, as well as various procedural and regulatory requirements related to DEP's oversight of the project. Following DEP approval of the PAC, the project should commence within six months.

Contact: To obtain additional information concerning the DWSRF Program, please contact the following DEP staff:

Municipal Services staff
in DEP's regional offices:

Northeast: Thomas Mahin (978) 661-7660

Southeast: Richard Keith (508) 946-2784

Central: Paul Anderson (508) 767-2802

Western: Deirdre Cabral (413) 755-2148

Drinking Water Program staff
in DEP's Boston office:

Donovan Bowley (617) 292-5523

Yvette DePeiza (617) 292-5857

Municipal services staff in DEP's Boston office:

Steven McCurdy (617) 292-5779

DWSRF Process Steps

- 1 Project Solicitation/PEF
- 2 Annual Priority List
- 3 IUP Project List
- 4 Loan Application
- 5 Project Approval Certificate
- 6 Loan Commitment
- 7 Project Regulatory Agreement
- 8 Loan Agreement Executed

Information is also available on DEP's Web site:
<http://www.state.ma.us/dep>.